"Community Renewal -- Putting America Back to Work"
Los Angeles, California, December 1, 1982

Today we are enjoying the warm hospitality of Mayor Tom Bradley and the citizens of Los Angeles. In times past, many of you have enjoyed the hospitality of another great city, New York. Many of you have climbed to the top of the Empire State Building or taken a hansom cab ride around Central Park. Some of you have traveled to see the Statue of Liberty or seen a Broadway show. Few, however, have seen the Second Avenue subway.

Following World War I, city planners saw a need to provide for the future transportation needs of their fellow New Yorkers. They put on the drawing boards an underground railroad that would take thousands of commuters back and forth from the boardrooms of lower Manhattan to the living rooms of the upper Bronx. For years the plans for the Second Avenue subway remained on the drawing boards. In the late 1960s and the early 1970s funding was found, ground was broken, and the dream came closer to reality.

Today, the dream has ended. Plans were drawn. Some tracks were laid; some stations were even completed. But the dream fell victim to inadequate and unreliable funding. Today, the Second Avenue subway stands as nothing more and nothing less than a cold and empty tunnel that leads to nowhere.

In a city famous for its tall buildings and splendid monuments, the Second Avenue subway stands as a memorial to post-war American urban policy and to the false hopes and false starts that have characterized that policy. In the history of American urban planning political obstacles have arisen all too often and transformed a realizable dream one day into an endless or impossible nightmare the next.

City planners have had to deal with conflicting demands and changing rules. Congress can appropriate monies and the Administration can issue regulations, but even before the money is deposited in your local bank, the policymakers change their mind. A new idea or a new approach is trumpeted. New directives are issued. And federal policy is once again changed.

Under the best of conditions being a mayor or city planner is a tough job. It is made even tougher by sharp and sudden changes in federal policy. Ten months ago, President Reagan proposed yet another bold new approach to urban policy. Like its predecessors, new federalism promised a cure for all our ills. And like its predecessors new federalism has forced city planners to rethink their plans and to question the future and direction of federal urban policy.

The question of federalism -- and by that I mean the proper division of responsibilities between federal, state and local governments -- is nothing new. It is as old as the federalist papers.

It is an issue that seems to make the rounds every few years. Richard Nixon made a big deal out of it. In that sense new federalism is not new; it's just an old question reformulated.

But new federalism, as outlined by this administration, is founded on a very narrow view of federal responsibility. At its heart the new federalism of this administration is not so much a new division of jobs and responsibility as it is an abdication of federal responsibility for critical national problems. New federalism is not problem-oriented. It's problem diverting. New federalism does not embrace any goals, it has become an end in itself.

Administration officials would have us believe that there is constitutional justification for severing the ties between the federal government and local units of government. We are told that the founding fathers made no reference to the towns and cities in the constitution and that consequently the federal government has no constitutional responsibility for their well-being.

I cannot accept that notion anymore than I can accept the notion that Arizona state government has no responsibility for helping Tucson, Phoenix or Flagstaff. In dealing with our towns and cities, we are not dealing with constitutional theory; we are dealing with real people and real problems that require real answers.

The services that local governments provide are important to the nation as a whole. The streets, the dams, the traffic signs, the garbage trucks, the fire protection, the police protection and the sewer and water lines of our communities help to secure and support the wealth of the entire country.

Without adequate public sector services, our factories would not yield a ton of steel and farm products would not reach their urban markets. Without basic government services, the young would not be educated, the sick would not be adequately cared for and the homeless would not find shelter. The federal government -- whatever else it does -- must help state and local governments meet their responsibilities.

Whatever the merits of new federalism -- and there may be some merit to further sorting out federal, state and local responsibilities -- now is not the time to debate them. Just as you don't sit around rearranging furniture when the house is on fire, neither should we sit around talking about state and local governments assuming more responsibility when they are having troubles meeting their existing obligations. New federalism -- whatever its future -- is better left to the next administration; we have more immediate problems.

Local governments in recent months have fallen victim to a triple whammy. The first whammy came when the administration cut direct and indirect federal aid to cities, forcing many communities to cut services and, in many instances, to increase local taxes. In addition to local governments, 40 states have raised taxes in the past two years.

The second whammy came when the recession eroded local tax bases, forcing still further cuts in basic services and unbalancing local budgets. Earlier this year, the congressional joint economic committee reported that 51 percent of the 301 cities that it surveyed were projecting deficits for fiscal year 1982. Cities of every size are experiencing trouble. For the fiscal year just ended, 60 percent of the towns between 10-50,000 were expected to report deficits.

The third whammy came as a result of last year's tax cut. The 1981 tax law had the unintended or unforeseen consequence of sharply increasing the costs of local borrowing. The tax cuts have exerted upward pressure on interest rates and will continue to do so for years to come. At the same time lower marginal tax rates have reduced the attractiveness of tax-free municipal bonds. A few years ago, states and localities could sell their bonds at 65 percent of the interest offered on taxable corporate bonds. Today, it is a different story. Today, the interest on tax exempt bonds average 85 percent of the corporate bond rate.

So where does this leave us? It leaves us with a financial crisis at the local level. But I don't have to tell you that. You know it. You are fighting on the front lines of this budgetary battle. You have to make the tough decisions. Decisions like whether to cut bus lines or city payrolls, whether to repair the bridge or whether to let that go and repair the potholes.

You've got a crisis on your hand. You know, as well as I do, that the federal government cannot bail you out. We have our own problems on the federal level. But we must do our part. We must do what we can.

We can start by reauthorizing the general revenue sharing program. Without the reauthorization of revenue sharing, a bad situation in many communities could become an intolerable one. Revenue sharing, whatever its faults, remains a critically needed program, for many small and medium-sized communities it is the principal source of federal help. For many larger communities, it is of smaller size, but even more critical. This organization has reported that eight of ten cities would have to cut services if federal revenue sharing was cut. Half of the cities would have to raise taxes. Revenue sharing has my support.

But it is not enough to reauthorize revenue sharing. We must also continue the work of the community development block grant program, that has helped communities -- large and small -- meet important housing and community development needs. The vital public services provided by this program deserve support; they have mine.

But as important as these two programs are, they are not enough to deal with the growing problem of maintaining the infrastructure of our communities -- the streets, the bridges, the sewers and the capital plant. Our country is, in a very real sense, crumbling at our feet.

You've heard the stories. A beam cracks on the Manhattan bridge and the subway stops using it for two days for fear of spilling 1,000 people into the East River. In Pittsburgh, U.S. steel trucks are taking an 18-mile, one-way detour at a cost of $12 million a year because a bridge is closed. In Washington the Woodrow Wilson Bridge offers a great view of the Potomac through the potholes.

But I don't have to tell you this. You have your own stories and your own concerns. My home town of Tucson is struggling with the problems of growth and the demand for new public services. We have streets that are unpaved. We have streets that have inadequate drainage. It is said that Alvernon way in Tucson offers the best water skiing in the Southwest whenever it rains.

But all these local problems form a problem of national size. For too long, we have postponed making the big repairs. Instead of repairing the bridge or rebuilding the roadbeds, we have found it easier to slap on another coat of paint or plug a few potholes.

Well all this patchwork won't work much longer. Sooner or later we have to face facts. We can't wait for the bridge to fall down or the dam to collapse.

All this means that we have a big repair bill coming. Some have suggested that as much as a trillion dollars will be needed over the next decade. Whatever the figure, the costs are staggering.

There is a lot of work to be done. We can start by approving the proposed increase in the federal gasoline tax -- or as the President would say, the user fee. But even this new funding is not going to plug all the potholes and repair all the bridges. This money won't touch the crumbling sewer lines and water mains. A lot of work will still need to be done in this country.

That's why I get a little irritated about all this talk about the "dead-end, make-work jobs" that we Democrats are supposedly cooking up. We may propose some new programs, but they won't be make-work, there is too much good, honest, hard and productive work to be done. We don't need to create work, those who talk about "make-work" programs are sadly misinformed about the nature of the task that we have before us.

This past week, I unveiled a jobs program that would help to put 40 thousand unemployed coal miners back to work on the reclamation of unsafe or environmentally unsound abandoned mine areas. The money for the reclamation work will come from monies already collected under the surface mining control and reclamation act. At the same time I urged the approval of coal-slurry pipeline legislation that could create as many as 50,000 new construction jobs and 100,000 new manufacturing jobs through the stimulation of private sector investment. Together, these two initiatives could create 540,000 new jobs.

If we are going to get America back to work, we must be careful resource managers. We will have to set national priorities.

We simply cannot afford to pay for the administration's tax cuts, the administration's defense buildup and still meet our other urgent national needs.

The President said a few weeks ago that it was "dipsy do" to suggest that the tax cuts and the defense buildup are responsible for our record deficits. It is, plainly speaking, "dipsy do" to suggest otherwise. Next week's deficit is now estimated at a record-setting $185 billion. Of that amount., $110 billion is due to the tax cuts. Another $55 billion can be traced to the real buildup in defense spending above 1981 levels. In other words, ninety percent of next year's projected deficit can be linked to the administration's defense buildup and tax cutting plans. Dipsy do it isn't.

A year ago at this time, David Stockman was telling us that we could still achieve a balanced budget by 1984. And then we woke up one cold January morning and read that there will be a deficit in 1984 -- an $83 billion deficit. And then in the heat of July we are told that it would be a little higher -- a $92 billion deficit. Now we are told that internal White House memos reportedly place the 1984 deficit in a $185-200 billion range and that David Stockman reports that federal borrowing at that level could soak up 79% of net private savings.

The budget is seemingly out of control and yet the President wants to accelerate the 1983 tax cut and boost this year's deficit by another $15 billion. That's not voodoo economics. It's extra-strength voodoo. And yet we are told, almost in the same breath, that a one or two billion dollar jobs program would be budget-busting. There is something wrong here.

If the election of 1980 was a mandate to change policies, the election of 1982 was -- at the very least -- a mandate to moderate policy. Not to accelerate policy, but to moderate it. If the election of 1980 was a mandate to curb inflation, the election of 1982 was a mandate to put America back to work.

But it is not a job for the federal government alone. It is a job for city officials and mayors as well as Congress. I am confident that you will do your job, I am hopeful that we will do our part.

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